

4-30-1974

Joint Congressional Leadership

Mike Mansfield 1903-2001

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OPENING STATEMENT OF SENATOR MIKE MANSFIELD

before the

Joint Congressional Leadership--Executive Branch Group
on Economic Foresight

Tuesday, April 30, 1974

We are convened at the joint suggestion of the President and the Congressional Leadership on an issue of surpassing significance. Of sorts, this is an unprecedented gathering. I would hope that it foreshadows future contacts of a similar nature at the emergent stages of other issues which go to the core of our national well-being.

As to the immediate concern, this meeting represents a step in a process which began last February. Let me begin by defining the question before us, at least as I perceive it. Later in my remarks, I will suggest how the necessary legislative framework might be created to begin to come to grips with it.

Scarcity, diminishing sources, expanding usage, cartels, production restrictions, steep price rises and crash-based planning--for many of us these words help to describe the issue. In a more fundamental sense, the question we confront involves the manner in which vital elements of our national economic life have come to be organized. In particular, we need to ask ourselves: how are we equipped--or ill-equipped--to address the next crisis in resources or materials or commodities that may engulf the nation.

What we are here to explore is the possibility of creating an instrumentality which would, first, perceive what the fundamental needs of the nation will be now and in the years ahead and then sort out the information that relates thereto and, finally, provide alternative policy recommendations that might help us--in the Congress and in the Executive branch--to take the action deemed essential to avert catastrophes and to minimize hardships in the future.

On this very point let me quote briefly from the report of a highly distinguished Commission on a major aspect of the problem before us:

For all its wide diversities the materials problem is indivisible. There must be, somewhere, a mechanism for looking at the problem as a whole, for keeping track of changing situations and the inter-relation of policies and programs. This task must be performed by an agency near the top of the administrative structure.

Such an agency--should review all areas of the materials field and determine how they can best be related to each other. It should maintain on a continuing basis, a forward audit; collect and collate the facts and analyses of various agencies; and recommend appropriate action for the guidance of the President, the Congress and the Executive agencies.

The quotation is from the report of the President's Materials Policy Commission--the so-called Paley Commission. The date: June 2, 1952, 22 years ago. Many of the same conclusions were drawn by the National Commission on Materials Policy whose findings were reported a year ago. Yesterday, the General Accounting Office reported similar conclusions.

In short, for at least a quarter century experts have warned about coming crises with regard to vital basic materials. What manifested itself so clearly last year when long lines of cars began stacking up for short rations of gasoline, was not so much a lack of data and information, but more importantly that we simply had no systematized method of assessing information in order to determine our needs early enough and to move quickly enough to provide a reasoned answer, or even to make the attempt.

What if Government at any time in the past two decades had established a central information unit--a data bank so to speak--charged with compiling statistics on energy resources, analyzing on a continuing basis the status of supply and sources, projecting consumption rates, reporting refining capacity, evaluating current technology and future application and equipped to report anticipated deficiencies directly to Congress and to the President with specific recommendations. There is little doubt, I think, that had such an agency existed, there would have been no fuel crisis, and, certainly, no reason to have addressed the matter on a crash basis merely to meet immediate requirements for heat, light and transportation.

And if it is energy today, of what will we as a nation be in dire need tomorrow? Three or four years ago, the Interior Department told us that

there were at least thirteen basic minerals for most of which we depend upon sources outside the United States. The figure has grown to forty or more. They range from aluminum and chromium, to tin, lead, nickel and so on. For at least thirty of these materials, the nation has already become over 60% dependent upon other countries. In part, the dependence may be answered at some unknown future date by new technologies such as the recapture and recycling efforts that are just now barely more than an idea. For now, however, that dependence is with us and it is complicated by what happens when supplier nations gang together.

I realize full well that the President and Secretary Kissinger are trying to improve the bargaining strength of the consumer nations insofar as petroleum is concerned. But what happened with oil is very likely to happen with bauxite, or copper or nickel or zinc or tin or whatever, when the basic needs of heavy consumer societies must be met by sources beyond their national boundaries. At the White House last Wednesday morning, Secretary Kissinger stressed to the Leadership that the interdependence of developed and developing nations with regard to key resources was essential to global stability. But the international instrumentalities he envisioned to accommodate cooperation between producer and consumer nations can be established, it seems to me, only after there is constructed within our nation a mechanism able to grasp what is needed for our own people not only today but five or ten years hence.

The problem goes well beyond metals or minerals and does not relate only to those in which we are in a dependent status. In 1973, the nation experienced the biggest boost in the cost of groceries in over twenty-five years. Prices for fibers have risen 93 percent. The story of how inflation continues to wrack our people on every front was written graphically in the double digit figures released just a couple of weeks ago-- $10\frac{1}{2}\%$ from March of 1973 to March of 1974; $14\frac{1}{2}\%$ for the first three months of this year.

And while Americans are made to pay more let us not forget that in some areas of the world, the basic commodities are not even available. The problem is worse in Europe, Asia and Latin America. A whole corridor spanning the African Continent is now caught in a struggle for survival under the twin burdens of drought and famine.

I believe
In the United States, however, it is largely the question of basic shortages and related matters which will mandate the crises. And the crises, one after another, will pounce on us most assuredly unless and until as a nation we are prepared to adjust our government apparatus to meet the fundamental problem. That problem is not really so much one of the absence of information. At last report, more than fifty federal agencies and administrations were collecting and compiling relevant data and that was before any apparatus was set up to address environmental concerns or to monitor product safety or to perform a host of other recently legislated activities.

Take a specific example. In the Commerce Department there are some 160 professionals in the Office of Business Research and Analysis and 20 or 30 of them alone are dealing with information on industrial commodities. Look at it in broader terms. We find that for data on imports and exports, we can turn to the Agriculture, Treasury and Commerce Departments, the Council on Economic Policy, FEO, the Special Trade Representative and more; for production, there are the Interior and Agriculture Departments, HUD, FEO and more; for basic regulatory decisions, there are DOT, ICC, FTC, EPA, the Federal Reserve and more; and so it goes. While the mint wants to watch silver for one reason, DOD has a different objective in mind. In some instances, ^{three}two or ~~there~~ different agencies with overlapping responsibilities arrive at contradicting appraisals of the present state and future prospects of the same industry.

The situation is not very different here in the Congress, except in magnitude. When it comes to our diverse and seemingly insatiable appetites for ^economic information, our Committees reflect the same fractured state as the Executive: In the Senate, it is Agriculture and Forestry for agriculture, minerals, pesticides, fertilizers, timber and wood materials; Armed Services for strategic materials, stockpile; Banking, Housing and Urban Affairs for materials export policy, foreign trade, silver and gold production; Commerce for materials recycling, resource development, materials allocation, materials commodity controls; Foreign Relations for the importation of Rhodesian chrome; Interior and Insular Affairs for mining and minerals policy; Public Works for national materials policy, materials recycling; Select Committee on Small Business for materials production; Finance for the gamut of trade; Joint Committee on Atomic Energy for fissionable materials; Joint Economic Committee for materials recycling; Joint Committee on Defense Production for strategic materials, stockpile; Government Operations on any or all of the above, and so on.

In the House, it is much the same story.

So, I repeat, it is not necessarily the lack of knowledge that confronts us. Nor is it that we are seeking governmental intervention, controls or what-have-you. It is, rather, the question of how to coordinate and apply available knowledge in a manner which permits wise and rational policy choices to surface in a timely fashion and at a sufficiently high level of government to make them useful.

In 1952, the Paley Commission called for an organization to discharge this over-all function which would be neither an operating agency nor a supervisory agency but rather one with the function of "forward audit" concerned with:

the total pattern of activities in the materials and energy field; the relationships of individual programs to each other; the scope and dimensions of foreign production materials programs and their relationship to domestic programs; the probable effects of current production programs on the long-term materials position, the selection and development of current programs in the light of long-term requirements; programs for both scientific and technological research on materials, and their interrelations; and the relationship of materials policies to manpower, and to fiscal and foreign policies which may in various measure bear on materials.

Needless to say, little was heard of these suggestions subsequently.

At best, pieces of these over-all functions were scattered through the government in the usual pattern of fragmentation. So we are here, today, to try once more.

What we are seeking to do is to explore whether or not there can be created a meaningful instrumentality, to coordinate and to interpret and to forecast, which will enable the nation to expand its field of vision in this fundamental area of our national life.

The Senate Minority Leader (Mr. Scott) and I put it in these words in our letter to the President proposing this meeting:

It is our suggestion that we consider bringing together representatives of the Legislative and Executive Branches of the government on a regular basis with those of industry and labor and other areas of our national life for the purpose of thinking through our national needs, not only as they confront us, today, but as they are likely to be five, ten or more years hence and how they are best to be met. If the government is to intervene in these matters, as it is now doing, an effort ought to be made to put that intervention, as far as possible, on a rational and far-sighted basis.

To sort out information, to look at the whole and to identify potential areas of crises and to provide alternative policy recommendations in that perspective, that is how I think the mandate of a new instrumentality, if it were to be established, ought to be envisioned. To this instrumentality would fall the responsibility of perceiving the relationship of an adversity in one narrow economic segment to other segments; of how, for example, a fertilizer shortage, might affect food supplies on down the line, and what might be done to remedy that, since fertilizer depends on such essentials as natural gas, phosphates and nitrogen. Do we not also need the capacity to perceive the whole of federal intervention in the economy if it must occur and how the individual parts of that intervention relate to one another? That such a capacity did not exist when we sold off our wheat reserves is obvious. Did it not exist, too, when we sold abroad in the last six or eight months half of our national tin reserves--a material the source of which we classify as 100% foreign dependent?

Does it exist when we overseed our fields with soybeans today knowing that price instability lies even now on the horizon as evidence accumulates of a replenished protein feed source off the coast of South America?

I think all of us here sense that there exists some kind of requirement to deal with questions of this kind or, I daresay, we would not be meeting at all. At the end of this meeting, therefore, it would be my hope that we might at least be able to state that much affirmatively. It would be my hope, too, that we might go on from there and begin to clarify our thinking on some additional questions. In order to focus the discussion, I would like to set forth these questions at this time. The first is:

What kind of instrumentality, if any, might meet this requirement?

As proposed in the Leadership letter to the President, it was our thought that it should be one that is representative of the nation if it is to be effective; one, therefore, that would embrace representatives not only of the Legislative and Executive Branches but elements of industry, labor, agriculture and other significant segments of our national life. It should be a continuing instrumentality equipped, first, to draw on information from all sources on the status of resources, materials and commodities and other aspects of our economy--tasks performed now by dozens of agencies and organizations across the spectrum of national life, both public and private. Secondly, it must have the means to forecast the problems by drawing information out of the present massive but fragmented system. Thirdly, it must have the capacity to convert its projections into recommended policy options that might embrace such measures as conservation, research, stockpiling, allocation, modernization, manpower, export controls and whatever else may be necessary to keep vital, the nation's economy. Finally, it must be in a position to report its findings authoritatively to the President

and the Congress the ultimate arbiters of policy and the sources of action for the federal government. That is only one possible approach to this question. Others might see the requirement in different terms.

I think it was last December at the annual meeting of the American Economic Association that Dr. Stein said, "Maybe we need an economic planning agency." The statement reflects for me and for many others a deep frustration with the disjointed way government has tended for decades not so much to act but instead to re-act when a component of this gigantic, intricate machine of the U. S. economy gets out of whack. It is not only, for example, that a decision to build or not to build a new steel mill or chemical plant, or to start a mining operation can have major repercussions throughout a community, the nation, and even abroad, it is also that a shortage of raw materials derived from petroleum can shut down auto plants in Detroit and manufacturers of recording tapes in Los Angeles. As one noted economist characterized our present approach not long ago, it is like the old circus act with five clowns in a car, one pressing the gas, another pulling the brake, the third spinning and steering the wheel, the fourth blowing the horn and one sitting on top holding on for dear life. That one on the top, I suppose, is the American public.

As a second focal point of this preliminary discussion, I would note that a number of Congressional Committees are interested in aspects of this problem and are advancing concepts and proposals which are designed to deal with, at least, parts of it. There comes to mind, for example, the work in the Senate Commerce Committee and the Senate Government Operations Committee. There are probably other explorations underway in House committees and undoubtedly in other Senate Committees. Others, I would assume, are working on the problem in Executive agencies, not to speak of the activity of the United Nations, of private foundations, and the universities. In any event, it would be my hope that we would

consider in this group whether or not we wish to recommend to the President and the Congress the establishment of a temporary Commission of Executive and Legislative representatives and private citizens to examine all of these proposals and any others having to do with this question. Such a Commission might propose the design of a continuing instrumentality which would be capable of giving the President and the Congress the kind of integrated perception of our national requirements now and in the future which has heretofore been lacking. Senator Scott and I have had draft legislation prepared along these lines. In the event that this route of establishing a temporary Commission on the question meets with ~~the~~ general approval, I would hope that this draft, a copy of which is before you, would be studied and that the group would be prepared to move ahead, to the end that legislation to create a special ^{temporary} ~~study~~ commission along these general lines might be introduced within the next couple of weeks.

I should like to conclude these remarks on this note. As we have had this draft resolution prepared, it is designed to minimize political factors and to place the consideration of this fundamental national problem on a basis of equality as between the branches and as between government and the private sector. In my judgment, the system under which this nation survives and grows depends as much on cooperation as it does on competition among the cores of power and responsibility within the government and within the nation. If there is any area in which the element of cooperation is imperative, it is in safeguarding the livelihood and well-being of the nation, not only in terms of needs, today, but in terms of the needs of tomorrow and tomorrow. Whatever we do, therefore, let us try to do it in that context, in the context of cooperation

between the two parties, cooperation between the two branches and cooperation between the basic segments of our national life. When it comes to the nation's basic economic needs, there is no advantage to be gained for any particular segment in government or private life. If we do not work together, today, in this sphere, there will be no need to ask for whom the bell tolls; it will toll for all of us tomorrow.

_____ CONGRESS

_____ SESSION

S. _____

(Note.—Fill in all blank lines except those provided for the date, number, and reference of bill.)

IN THE SENATE OF THE UNITED STATES

Mr. _____

introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To establish a National Commission on Domestic Needs

(Insert title of bill here)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

Section 1. This Act may be cited as the "National Commission on Domestic Needs and Economic Foresight Assessment Act of 1974."

FINDINGS AND PURPOSE

Sec. 2. (a) The Congress finds and declares that --

(1) the current roles of the Federal Government and of State and local governments in economic regulation, planning, and development and in the conduct of public programs should be reassessed at the highest level in order to avoid economic and social dislocations and material shortages, both domestic and international;

(2) the measurement and projection of the levels of natural, social, economic, and technological capabilities and resources must be coordinated and improved, and

(3) public and private agencies and organizations which are engaged in the measurement and projection of supplies and inventories of natural resources, agricultural commodities, and manufactured products have not effectively coordinated their efforts, and have not provided a basis for a rational and comprehensive approach to the assessment of our national assest and how best to use them.

ESTABLISHMENT OF COMMISSION

Sec. 3. (a) There is established as an independent instrumentality of the Federal Government a National Commission on Domestic Needs and Economic Foresight (hereinafter referred to as the "Commission"). The Commission shall be comprised of 16 members selected as follows:

(1) The President, in consultation with the Majority and Minority Leaders of the Senate and the Majority and Minority Leaders of the House of Representatives; shall appoint 8 members of the Commission from among persons in private life, of whom one shall be representative of the Agricultural community, one shall be representative of organized labor, two shall be representative of consumer and environmental organizations, two shall be representative of producing and manufacturing business, one shall be representative of the financial community, and one shall be representative of the international trading community.

(2) The President shall designate four senior officials of the Executive Branch, to serve without additional compensation as members of the Commission.

(3) The President of the Senate, after consultation with the Majority and Minority Leaders of the Senate, shall appoint two Senators to be members of the Commission and the Speaker of the House of Representatives, after consultation with the Majority and Minority Leaders of the House of Representatives, shall appoint two Members of Congress to be members of the Commission. Members appointed under this paragraph shall serve as members of the Commission without additional compensation.

(b) The Commission shall rotate from among its members a Chairman and Vice Chairman which officers shall rotate between the Executive and Legislative Branch designees and those appointed from the private sectors

(c) Each member of the Commission appointed pursuant to subsection (a)(1) shall be entitled to be compensated at a rate equal to the per diem equivalent of the rate for an individual occupying a position under level III of the Executive Schedule under section 5314 of title 5, United States Code, when engaged in the actual performance of duties as such a member, and all members of the Commission shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred in the performance of their duties.

Sec. 4. (a) It shall be the function of the Commission to conduct a ~~thorough study~~ investigation of existing techniques for the measurement and projection of supplies of natural resources, agricultural commodities materials and manufactured products, to ~~study~~ determine what public and private organizations are currently involved in such measurements and projections, and to make a full report to the President and to the Congress recommending the establishment of an independent agency to provide for a continuing and comprehensive examination and analysis of the economy of the United States and otherwise to carry out the purposes of this Act.

(b) The Commission shall include in the report required by this section specific and detailed recommendations to assure that the independent agency will be representative of the Executive and Legislative Branches and the Private Sector and will have adequate authority and resources to make a continuing study of and periodic reports with respect to--

(1) the existence or possibility of any long-or short-term shortages or market adversities affecting the supply of any natural resources, raw agriculture commodities, materials, manufactured products (including any possible impairment of productive capacity which may result from shortages in energy producing materials, plant or equipment, or capital investment) and the reason for such shortage or adversities;

(2) the need for, and the appropriate type of action necessary to increase the availability of the items referred to in clause (1), or to correct the adversity affecting the availability of any such items;

(3) the need to develop additional or alternative sources of scarce materials or commodities and the need for governmental action, if any, in order to encourage private market conduct which will best achieve balanced national and international economic growth with minimal short-term dislocations or short-term dislocations or shortages;

(4) the appropriate role of government in the economic life of the United States,

(5) the appropriate relationships between government and the private sector, in such areas as education, employment environmental protection and improvement, health care, housing, and transportation, in achieving vital national objectives, taking into account the need to make the most efficient use of available resources; and

(6) the long-term objectives for the economy of the United States, establishing rational relationships between the domestic economic policy and the foreign economic policy of the United States, regulation of imports and exports in order to assure the participation by the United States in the international economy.

(c) In addition to its functions under subsection (b), the agency shall coordinate all information with respect to the economic life of the United States,

(d) The Commission shall prepare and publish such periodic reports and recommendations, as required by Sec. 4, as it deems appropriate, and shall transmit a final report with its recommendations to the President and the Congress not later than December 31, 1974.

ADVISORY COMMITTEES

Sec. 5. (a) The Commission is authorized to establish such advisory committees as may be necessary or appropriate to carry out specific analytical or investigative undertakings on behalf of the Commission. Any such committee shall be subject to the relevant provisions of the Federal Advisory Committee Act.

POWERS

Sec. 6. (a) Subject to such rules and regulations it may adopt the Commission, though its Chairman shall have the power to--

(1) appoint and fix the compensation of an Executive Director at not to exceed, \$40,000 per annum, and such additional staff personnel as is deemed necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to Chapter 51, and subchapter III of chapter 53 of such title relating to classification and General Schedule under section 5332 of such title; and

(2) procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5, United States Code, but at rates not to exceed \$100 a day for individuals.

(b) The Commission or any subcommittee thereof is authorized to hold such hearings, sit and act at such times and places, as it may deem advisable.

ASSISTANCE OF GOVERNMENT AGENCIES

Sec. 7. Each department, agency, and instrumentality of the Federal Government, including the Congress, consistent with the Constitution of the United States, and independent agencies, is authorized and directed to furnish to the Commission upon request made by the Chairman, such data, reports, and other information as the Commission deems necessary to carry out its functions under this Act.

AUTHORIZATION OF APPROPRIATIONS

Sec. 8. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.